

Message Text

CONFIDENTIAL

PAGE 01 OECD P 00981 01 OF 05 112114Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01
ERDA-05 DODE-00 FPC-01 H-01 INT-05 L-03 NSC-05 PM-04
OES-06 SS-15 STR-04 ACDA-07 AF-08 ARA-06 NSCE-00
SSO-00 USIE-00 INRE-00 OIC-02 FEA-01 /151 W
-----112157Z 009490 /63

O 112102Z JAN 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4911

C O N F I D E N T I A L SECTION 01 OF 05 OECD PARIS 00981

FOR: EUR FOR HARTMAN, EB FOR KATZ, NSC FOR HORMATS,
S/CL FOR COOPER, BERGSTEN, AND SHULTZE, AND
TREASURY FOR WIDMAN AND KORP

E.O. 11652: GDS

TAGS: OECD, ECON

SUBJECT: OECD INSTITUTIONALIZED POLICIES AND FORTH-
COMING MAJOR MEETINGS IN RELATION TO THE
SUMMIT

1. WITH A VIEW TO THE FORTHCOMING TRIP BY VICE
PRESIDENT-ELECT MONDALE AND TO THE NEW ADMINISTRATION'S
CONSIDERATION OF INTERNATIONAL ECONOMIC POLICY REQUIRE-
MENTS AND RELATED SCENARIO DURING ITS FIRST MONTHS IN
OFFICE, (SEE OUR TEL 37285) WE OFFER THE FOLLOWING
OBSERVATIONS AND RECOMMENDATIONS BASED ON OUR OWN
ANALYSIS AND RECENT CONVERSATIONS WITH TOP OECD SECRE-
TARIAT OFFICIALS AND SUCH LEADING FIGURES ASSOCIATED
WITH THE ORGANIZATION AS PROFESSOR ROBERT MARJOLIN.
2. THE ECONOMIC SETTING: OECD OFFICIALS THINK TWO-
YEAR PACKAGE OF STIMULATIVE MEASURES RECENTLY ANNOUNCED

CONFIDENTIAL

PAGE 02 OECD P 00981 01 OF 05 112114Z

BY PRESIDENT-ELECT CARTER IS ALONG THE RIGHT LINES IN
TERMS OF THE MEDIUM TERM GROWTH PATH OF FIVE PLUS PER-
CENT FOR THE OECD AREA ENDORSED BY THE OECD MINISTERIAL
AS PART OF THE COMMON STRATEGY FOR ACHIEVING SUSTAINABLE
GROWTH (STRATEGY CALLS FOR US GROWTH RATE OF JUST UNDER
SIX PERCENT). THE CARTER ADMINISTRATION'S ACTION WILL
HELP CONFIDENCE ELSEWHERE IN THE OECD AREA, ALTHOUGH IT

WILL NOT BE SUFFICIENT TO LIFT EUROPE OUT OF THE DOL-
DRUMS IN THE ABSENCE OF STRONG ACTION BY GERMANY ON
WHICH THE FOCUS NOW LIES. THE SECRETARIAT THINKS IT
IMPROBABLE THAT JAPAN HAS TAKEN SUFFICIENT STEPS TOWARD
FURTHER STIMULUS. MOREOVER, IT FEELS THAT VARIOUS
POLICIES AND ACTIONS TO ARTIFICIALLY INHIBIT
EXPORTS, RATHER THAN TO ACHIEVE THIS BY ALLOWING YEN TO
APPRECIATE IS UNDESIRABLE; APPRECIATION IS ALSO INHIBIT-
ED BY JAPANESE MEASURES TO RESTRAIN CAPITAL INFLOWS.

3. BEYOND THE SPECIFIC POLICIES OF THE THREE MAJOR
COUNTRIES, ON WHICH RECOVERY DEPENDS, AS AGREED IN THE
ECONOMIC POLICY COMMITTEE AND REITERATED IN THE
DECEMBER "OECD OUTLOOK", THERE IS CONTINUED CONCERN
ABOUT THE SITUATION OF THE WEAKER EUROPEAN ECONOMIES--
BRITAIN, ITALY AND EVEN FRANCE. MORE GENERALLY THERE
IS CONCERN ABOUT THE UNEVEN WAY THE DEFICIT IS DISTRIBUT
-ED AMONG OECD COUNTRIES AND THE DANGER THIS POSES TO
THE MAINTENANCE OF AN OPEN SYSTEM. THERE IS MOUNTING
CONCERN OVER THE GROWING INCIDENCE OF PROTECTIONISM
BOTH UNILATERAL AND BILATERAL (EC/JAPAN).

4. TO DISSIPATE THE PESSIMISTIC MOOD (WHOSE ROOTS
ARE PROBABLY AS MUCH POLITICAL AS ECONOMIC)
WHICH HAS SETTLED OVER EUROPE A MAJOR INTERNATIONAL
CONFIDENCE - RESTORING EXERCISE IS NOW ESSENTIAL.
THIS EXERCISE WOULD BUILD ON THE US DOMESTIC PACKAGE
BY A CLEAR CUT REAFFIRMATION OF INTERNATIONAL ECONOMIC
COOPERATION LED BY THE CARTER ADMINISTRATION.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OECD P 00981 01 OF 05 112114Z

5. THIS SHOULD BE THE MOST IMPORTANT OBJECTIVE AND,
HOPEFULLY, RESULT OF THE PROJECTED LATE SPRING
ECONOMIC SUMMIT. HOWEVER, TO BE EFFECTIVE AND THERE-
FORE TRULY CONFIDENCE BUILDING, THE SUMMIT SHOULD BE
CAREFULLY PREPARED, SHOULD ENUNCIATE COHERENT POLICIES,
AND THESE POLICIES SHOULD BE VISIBLY FOLLOWED UP. AN
INSTITUTIONAL SETTING IS NEEDED FOR BOTH PREPARATION AND
FOLLOW THROUGH AND THE POLICIES ENUNCIATED SHOULD BE
INSTITUTIONALIZED AS WELL.

6. A NUMBER OF KEY INSTITUTIONALIZED POLICIES HAVE
BEEN DEVELOPED RECENTLY IN OECD WHICH WE BELIEVE CAN
AND SHOULD BE FURTHER DEVELOPED AS IMPORTANT BUILDING
BLOCKS IN THE STRUCTURE OF INTERNATIONAL ECONOMIC
COOPERATION TO BE REINFORCED BY THE SUMMIT. IN ADDITION
THERE ARE IMPORTANT MEETINGS OF MAJOR OECD COMMITTEES

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OECD P 00981 02 OF 05 112121Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01
ERDA-05 DODE-00 FPC-01 H-01 INT-05 L-03 NSC-05 PM-04
OES-06 SS-15 STR-04 ACDA-07 AF-08 ARA-06 NSCE-00
SSO-00 USIE-00 INRE-00 OIC-02 FEA-01 /151 W
-----112157Z 009573 /63

O 112102Z JAN 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4912

C O N F I D E N T I A L SECTION 02 OF 05 OECD PARIS 00981

COMING UP IN THE NEXT FEW MONTHS WHICH WILL BE ATTENDED
BY HIGH LEVEL POLICY MAKERS FROM CAPITALS AND WHICH
ARE VALUABLE OCCASIONS FOR FURTHER DEVELOPMENT OF THESE
POLICIES AND FOR PREPARING THE ISSUES FOR THE SUMMIT.

7. FURTHER ACTION ON OECD INSTITUTIONALIZED POLICIES:

(A) THE COMMON STRATEGY FOR SUSTAINED ECONOMIC
EXPANSION ENDORSED BY THE 1976 OECD MINISTERIAL
MEETING IS POTENTIALLY FAR MORE THAN MINISTER-
IAL COMMUNIQUE LANGUAGE FOR THE NEEDS OF THE
MOMENT; IT HAS ALREADY PROVEN TO BE USEFUL FRAME-
WORK FOR INTERNATIONAL ECONOMIC POLICY COORDINA-
TION IN THE SHORT AND MEDIUM TERM. IT MIGHT BE
MODIFIED AND IMPROVED UPON AT THE NEXT MINISTER-
IAL (E.G., BY DEVELOPING FURTHER THE REFERENCE TO
EMPLOYMENT POLICIES). BUT IT SHOULD CONTINUE TO
BE UTILIZED TO PROVIDE GREATER BITE AND COHERENCE
TO THE PROCESS OF INTERNATIONAL ECONOMIC POLICY
COORDINATION AND HELP ACHIEVE A SUSTAINABLE RATE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 00981 02 OF 05 112121Z

OF GROWTH FOR THE BALANCE OF THE DECADE AND
RETURN TO FULL EMPLOYMENT.

(B) THE BALANCE OF PAYMENTS ADJUSTMENT PROCESS IS
CLOSELY RELATED TO OVERALL ECONOMIC POLICY BUT IS
OBVIOUSLY MORE IMPORTANT THAN EVER BEFORE IN
LIGHT OF THE ANTICIPATED CONTINUATION OF THE HUGE
OPEC SURPLUS. WORKING PARTY III ON BETTER
PAYMENTS EQUILIBRIUM ORIGINALLY WORKED OUT THE
BASIC UNDERSTANDING ON THE PRINCIPLES WHICH
SHOULD GOVERN THE ADJUSTMENT PROCESS. THE WHOLE
CONCEPT OF ADJUSTMENT NEEDS TO BE BROUGHT UP TO
DATE IN CONDITIONS OF FLEXIBLE EXCHANGE RATES AND
APPLIED TO THE PROBLEM OF ACHIEVING A SUSTAINABLE
DISTRIBUTION OF THE OECD DEFICIT ON CURRENT
ACCOUNT (CAUSED BY THE OIL DEFICIT) AND ESPECIALLY
TO THAT OF THE APPROPRIATE MIX OF DOMESTIC ADJUST-
MENT AND EXTERNAL FINANCING (BOTH PRIVATE AND
OFFICIAL) FOR DEFICIT COUNTRIES.

(C) THE TRADE PLEDGE WHICH HAS HELPED
IMPORTANTLY IN AVOIDING A GENERAL DOWNWARD SPIRAL
OF RESTRICTIONIST BEGGAR-THY-NEIGHBOR MEASURES IN
THE WAKE OF THE OIL PRICE CRISIS AND THE RECESSION/
INFLATION WHICH FOLLOWED, HAS COME UNDER INCREAS-
ING STRAIN WITH A SERIES OF MEASURES BY SPAIN,
AUSTRALIA, FINLAND, ITALY, CANADA AND THE
EC BILATERAL PRESSURE ON JAPAN AND WITH DOMESTIC
PRESSURES MOUNTING IN VARIOUS COUNTRIES, INCLUDING
THE US. THE SIMPLE ANNUAL RENEWAL OF PLEDGE IN
JUNE OF THIS YEAR WILL PROBABLY NOT BE EFFECTIVE
IN PROVIDING THE ADDITIONAL POLITICAL IMPETUS
NEEDED TO STEM THIS EROSION. WE NEED TO PLAN FOR
REPLACING THE PLEDGE WITH SOMETHING MORE PERMANENT
AND MORE ORGANICALLY LINKED TO CONSULTATIONS ON
DOMESTIC ECONOMIC POLICY AND EXTERNAL FINANCIAL
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OECD P 00981 02 OF 05 112121Z

PROBLEMS AS WELL AS ON AFFLICTED SECTORS E.G.,
STEEL.

(D) THE FINANCIAL SUPPORT FUND MERITS THE WHOLE-
HEARTED ENDORSEMENT OF THE CARTER ADMINISTRATION
NEEDED TO OBTAIN CONGRESSIONAL APPROVAL. GIVEN
THE LIQUIDITY PROBLEMS OF THE IMF AND GAB, IT IS
NEEDED TO INSURE ADEQUATE RESOURCES TO FINANCE
OECD COUNTRIES IN DIFFICULTY. MOREOVER, THE FSF
IS AN INTEGRAL PART AND ESSENTIAL UNDERPINNING OF
AN OVERALL US - SUPPORTED FRAMEWORK OF POLICY

COOPERATION IN OECD - INCLUDING
APPROPRIATE ECONOMIC POLICIES, AVOIDANCE OF TRADE
RESTRICTIONS, SOLIDARITY ON ENERGY POLICY, ETC.
ITS POTENTIAL POLITICAL UTILITY IN HELPING
MAINTAIN OECD WIDE SOLIDARITY IN PURSUIT OF SHARED
OBJECTIVES IS OF SIGNIFICANCE.

(E) THE INTERNATIONAL ENERGY POLICY WHICH WAS
NEEDED TO BEGIN TURNING THE SUPPLY/DEMAND SITUATION
AROUND IN FAVOR OF THE CONSUMERS HAS BEEN CAREFUL-
LY ELABORATED IN CONCEPT AND FRAMEWORK IN THE

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OECD P 00981 03 OF 05 112124Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01
ERDA-05 DODE-00 FPC-01 H-01 INT-05 L-03 NSC-05 PM-04
OES-06 SS-15 STR-04 ACDA-07 AF-08 ARA-06 NSCE-00
SSO-00 USIE-00 INRE-00 OIC-02 FEA-01 /151 W
-----112158Z 009559 /63

O 112102Z JAN 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4913

C O N F I D E N T I A L SECTION 03 OF 05 OECD PARIS 00981

INTERNATIONAL ENERGY AGENCY. WHAT WE NOW NEED ARE
HARD DECISIONS ON US ENERGY POLICY REQUIRED TO
MAKE IT POSSIBLE FOR OECD COUNTRIES TO FIX A
CREDIBLE SET OF QUANTITATIVE TARGETS ON REDUCED
DEPENDENCY WHICH, IF THE PRESENT TIMETABLE HOLDS,
SHOULD BE AROUND MAY. SUCCESSFUL ACCOMPLISHMENT
OF THIS OBJECTIVE ALTHOUGH PROBABLY OF MINOR
ECONOMIC UTILITY THIS YEAR WILL HELP IN RESTORING
CONFIDENCE IN THE LONGER TERM ECONOMIC PROSPECTS
OF OECD COUNTRIES AND IN IMPROVING THE QUALITY OF
THE NORTH/SOUTH DIALOGUE.

(F) NORTH/SOUTH POLICIES HAVE IMPORTANTLY CONCERNED THE ORGANIZATION FOR THE LAST TWO YEARS AND HAVE BEEN FOCUSED ON CONSULTATION ON BASIC POSITIONS FOR CIEC. BEYOND WORKING OUT THE BASIC NEGOTIATING PACKAGE AND ELABORATING THE TACTICS FOR THAT CONFERENCE, THE OECD COUNTRIES HAVE BEEN SEIZED BY THE US WITH THE NEED TO ACHIEVE GREATER COORDINATION OF AID POLICIES THAN CURRENTLY EXISTS

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 00981 03 OF 05 112124Z

IN THE DAC AND THROUGH THE WORLD BANK AND WORK TOWARDS A COHERENT AND INTEGRATED COMMON APPROACH TO OVERALL ECONOMIC RELATIONS WITH THE LDC'S. OUR OECD PARTNERS HAVE NOT SO FAR BEEN READY TO BE DRAWN INTO INTENSIVE PLANNING DISCUSSIONS OF POST-CIEC DEVELOPMENTS BUT THE TIMING OF THE SUMMIT AND CIEC MAKE IT DESIRABLE TO BEGIN FLESHING OUT A JOINT CONCEPTUAL APPROACH TO THIS PROBLEM SO THAT THE SUMMIT CAN SET SOME USEFUL NEW DIRECTIONS.

(G) EAST/WEST ECONOMIC RELATIONS HAVE AGAIN BEEN TAKEN UP BY OECD IN A COMPREHENSIVE WAY AT US INITIATIVE, ALTHOUGH THE EXERCISE IS STILL IN THE EXPLORATORY STAGE. IT WILL BE NECESSARY FOR THE US TO ELABORATE SPECIFIC OBJECTIVES FOR THIS SENSITIVE AREA AND TO CONSIDER CAREFULLY HOW TO UNVEIL THEM TO OUR PARTNERS BEFORE TOO LONG.

8. THE FOREGOING ELEMENTS OF POLICY COVER ALMOST EVERY AREA OF FOREIGN ECONOMIC RELATIONS BOTH AMONG THE INDUSTRIALIZED DEMOCRACIES AND BETWEEN THEM AND THE REST OF THE WORLD. IF PROPERLY DEVELOPED IN NEXT FEW MONTHS, THEY CAN CONTRIBUTE IMPORTANTLY TO THE SUMMIT.

9. MEETINGS RELEVANT TO SUMMIT PREPARATION.

10. WHETHER BILATERAL CONTACTS AND/OR AN AD HOC STEERING MECHANISM ARE USED TO COORDINATE PREPARATIONS FOR SUMMIT, THERE ARE SEVERAL IMPORTANT MEETINGS COMING UP IN OECD IN WHICH IMPORTANT ISSUES RELATED TO THE SUMMIT WILL BE DISCUSSED BY SENIOR POLICY-LEVEL OFFICIALS FROM CAPITALS. THESE MEETINGS REPRESENT OPPORTUNITIES TO DEVELOP FURTHER SOME OF THE POLICIES CITED ABOVE. IN ANY EVENT, SENIOR ADMINISTRATION OFFICIALS WILL HAVE TO ADDRESS SOME OF THESE ISSUES AT THE TIME OF THE MEETINGS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OECD P 00981 03 OF 05 112124Z

(A) EXECUTIVE COMMITTEE IN SPECIAL SESSION (XCSS) IS TENTATIVELY SCHEDULED TO MEET FEBRUARY 3 AND 4. DELEGATION WOULD BE NORMALLY HEADED BY UNDER-SECRETARY-DESIGNATE COOPER. OECD SEC-GEN VAN LENNEP RECOMMENDS THAT THIS MEETING BE MOVED BACK SOMEWHAT TO ALLOW NEW ADMINISTRATION MORE TIME TO DEVELOP POSITIONS. IMPORT-ANT ISSUES TO BE DISCUSSED WOULD BE TIMING OF RESUMPTION OF NORTH/SOUTH DIALOGUE, CONTENT OF CIEC NEGOTIATING PACKAGE AND ANY US PROPOSALS FOR FOLLOW-UP TO OUR INITIATIVE ON EAST/WEST ECONOMIC RELATIONS. IN ADDITION AND OF POTENTIAL IMPORT-ANCE FOR SUMMIT, XCSS SHOULD HOLD FIRST DISCUSSION ON FUTURE OF TRADE PLEDGE. ALTHOUGH THIS MATTER IS ALSO UNDER CONSIDERATION IN TRADE COMMITTEE, XCSS IS BODY RESPONSIBLE FOR ELABORATING TRADE PLEDGE, AND AS HAS BEEN POINTED OUT ABOVE, A BROADER APPROACH TO TRADE PLEDGE IS REQUIRED THAN POSSIBLE IN TRADE COMMITTEE. WHILE FORMAL COMMITTEE MEETINGS HAVE BEEN IN PLENARY SESSION MUCH USEFUL WORK HAS BEEN ACCOMPLISHED IN RESTRICTED INFORMAL BUREAU MEETINGS OF SEVEN TO TEN AND IN WEEKEND COUNTRY HOUSE SEMINARS OF LEADING OFFICIALS--ESPECIALLY ON SHAPE OF CIEC NEGOTIATING

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OECD P 00981 04 OF 05 112128Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01
ERDA-05 DODE-00 FPC-01 H-01 INT-05 L-03 NSC-05 PM-04
OES-06 SS-15 STR-04 ACDA-07 AF-08 ARA-06 NSCE-00
SSO-00 USIE-00 INRE-00 OIC-02 FEA-01 /151 W

-----112159Z 009607 /63

O 112102Z JAN 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4914

C O N F I D E N T I A L SECTION 04 OF 05 OECD PARIS 00981

PACKAGE. WE RECOMMEND THAT PLANNING FOR NEXT XCSS DEFINITELY INCLUDE SUCH WEEKEND SESSION.

(B) ECONOMIC POLICY COMMITTEE (EPC) IS SCHEDULED TO MEET FEBRUARY 28. DELEGATION WOULD NORMALLY BE HEADED BY CEA CHAIRMAN-DESIGNATE SHULTZE. FOCUS WOULD UNDOUBTEDLY BE ON PROGRESS OF RECOVERY IN OECD AREA ON US, GERMANY, AND JAPANESE POLICIES AND ON GROWING DIFFICULTIES OF DEFICIT COUNTRIES WHICH MUST RELY ON EXPORT-LED GROWTH. COURSE OF ECONOMIC RECOVERY WOULD BE DISCUSSED IN LIGHT OF COMMON STRATEGY CITED PARA 7 (A) ABOVE AND THIS WOULD BE IMPORTANT OPPORTUNITY TO AMPLIFY NEW ADMINISTRATION'S VIEWS ON STRATEGY FOR ECONOMIC RECOVERY IN OECD AREA. IN THIS CASE TOO, RESTRICTED BUREAU MEETING OF BIG SEVEN IS KEY OCCASION TO DEVELOP, IN SOME DEPTH, DISCUSSION OF ECONOMIC OUTLOOK AND POLICIES AND COULD PROVIDE USEFUL OPPORTUNITY TO DISCUSS SOME SPECIFICS IN ECONOMIC POLICY FIELD FOR THE SUMMIT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 00981 04 OF 05 112128Z

(C) WORKING PARTY III WILL PROBABLY MEET BACK TO BACK WITH EPC AND BEGIN TAKING UP THE ADJUSTMENT PROBLEM DISCUSSED ABOVE. THIS IS TEN NATION RESTRICTED BODY WITH MEMBERSHIP NEARLY SAME AS G-10. ITS HEADS OF DELEGATION RESTRICTED MEETING IS AN EXCELLENT OCCASION TO TAKE UP FINANCIAL ISSUES OF INTEREST TO THE SUMMIT. THE DELEGATION IS NORMALLY HEADED BY THE UNDER-SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS.

(D) THE "MCCRACKEN REPORT" SHOULD BE COMPLETED IN EARLY SPRING. THE GROUP OF EMINENT ECONOMISTS UNDER PAUL MCCRACKEN SET UP PURSUANT TO A US PROPOSAL AT THE 1975 MINISTERIAL MEETING IS TO MAKE POLICY RECOMMENDATIONS TO GOVERNMENTS ON HOW TO SUSTAIN NON-INFLATIONARY GROWTH. THE US GOVERNMENT HAS DELIBERATELY KEPT AWAY FROM THE DRAFTING PROCESS BY MARJOLIN WHO JOINED THE GROUP WHEN RAYMOND BARRE WAS BROUGHT INTO THE FRENCH GOVERNMENT HAS TOLD US THAT THE REPORT WHILE NOT WORLD SHAKING WILL MAKE A VALUABLE CONTRIBUTION TO INTERNATIONAL DISCUSSION OF POLICIES TO GET BACK TO FULL EMPLOYMENT WITH-

OUT REIGNITING INFLATION. WE RECOMMEND THAT APPROPRIATE OFFICIALS OF THE NEW ADMINISTRATION INVITE MCCrackEN TO DISCUSS THE STATUS OF THE PROJECT AND THE IDEAS GOING INTO IT, AND THAT CAREFUL THOUGHT BE GIVEN TO THE SCENARIO FOR ITS SUBMISSION AND RELEASE IN RELATION TO THE MINISTERIAL MEETING AND THE SUMMIT.

(E) THE OECD MINISTERIAL MEETING WOULD NORMALLY BE HELD IN MAY OR JUNE. IF THE PRACTICE OF RECENT YEARS IS MAINTAINED, SECRETARIES-DESIGNATE VANCE AND BLUMENTHAL WOULD ATTEND. THE TIMING OF THIS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OECD P 00981 04 OF 05 112128Z

MEETING IN RELATION TO THE SUMMIT WILL BE A MATTER OF CONSIDERABLE CONCERN TO MEMBER GOVERNMENTS AND THE NEW ADMINISTRATION WILL BE ASKED TO DEFINE ITS VIEWS OF THIS SUBJECT FAIRLY EARLY. AS DISCUSSES IN OECD PARIS 37285 THERE ARE SEVERAL OPTIONS:

(I) TO HOLD A CEREMONIAL SUMMIT MEETING OF ALL OECD COUNTRIES IN RELATIONSHIP TO THE THIRTIETH ANNIVERSARY OF THE MARSHALL PLAN IN EARLY JUNE. THE MORE RESTRICTED SUMMIT COULD BE HELD A DAY OR TWO EARLIER.

(II) TO HOLD AN OECD MINISTERIAL MEETING ON THE OCCASION OF THE MARSHALL PLAN COMMEMORATION IN EARLY JUNE, AND A RESTRICTED SUMMIT SHORTLY THEREAFTER.

(III) TO HOLD AN OECD MINISTERIAL MEETING IN MAY, PROBABLY BACK TO BACK WITH THE NATO MEETING.

IF OPTION (I) IS NOT ACCEPTED, MOST COUNTRIES WOULD PROBABLY OPT FOR (III), AND WOULD EXPECT

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OECD P 00981 05 OF 05 112140Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01
ERDA-05 DODE-00 FPC-01 H-01 INT-05 L-03 NSC-05 PM-04
OES-06 SS-15 STR-04 ACDA-07 AF-08 ARA-06 NSCE-00
SSO-00 USIE-00 INRE-00 OIC-02 FEA-01 /151 W
-----112201Z 009755 /63

O 112131Z JAN 77
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 4915

C O N F I D E N T I A L SECTION 05 OF 05 OECD PARIS 00981

THAT THERE WILL BE A SERIOUS DISCUSSION OF THE
SAME ISSUES TO COME UP AT THE SUMMIT AS OCCURRED
LAST YEAR. ESPECIALLY IF OPTION (III) IS
CHOSEN, THE US SHOULD GIVE CAREFUL CONSIDERA-
TION TO HOW PRECISELY THE MINISTERIAL WILL RELATE
TO THE SUMMIT. OBVIOUSLY THE TWENTY-FOUR NATION
MINISTERIAL CANNOT IN ANY OFFICIALLY ACKNOWLEDGED
WAY BE RELATED TO THE SUMMIT, BUT IF SKILLFULLY
HANDLED COULD GIVE THE SMALLER COUNTRIES A SENSE
OF PARTICIPATION. THE MEETING COULD ALSO BE A
USEFUL OCCASION FOR THE MINISTERS OF THE SUMMIT
COUNTRIES TO MEET INFORMALLY TO REVIEW PREPARA-
TIONS FOR THE SUMMIT.

(F) IEA MINISTERIAL: A SUBSIDIARY QUESTION THAT
MUST BE ADDRESSED IS WHETHER AND, IF SO, WHEN
THERE SHOULD BE AN IEA MINISTERIAL MEETING TO
ADOPT REDUCED OIL DEPENDENCY TARGETS. UNDER
THE PRESENT TIMETABLE THIS SHOULD BE READY ABOUT
MAY. THE EXTREMELY SENSITIVE QUESTION OF HOW
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OECD P 00981 05 OF 05 112140Z

FRANCE AND OTHER NON-MEMBERS OF IEA CAN BE ASSO-
CIATED WITH THIS EXERCISE. NEEDS TO BE CARE-
FULLY CONSIDERED. WE SUSPECT THAT THIS CONSIDERA-
TION WILL DICTATE HOLDING THE IEA AND OECD
MINISTERIAL MEETINGS BACK TO BACK.

(G) CIEC MINISTERIAL MEETING. THE TIMING OF THIS
MEETING WILL ALSO NEED TO BE CONSIDERED IN
RELATIONSHIP BOTH TO THE SUMMIT AND TO OECD AND

IEA MINISTERIAL MEETINGS. THE PRESENT WORKING-
LEVEL THINKING ESPECIALLY IN THE
COMMUNITY SEEMS TO FAVOR A MAY MEETING. THIS
TIMING WOULD BE ABOUT RIGHT FOR A MINIMALLY
ACCEPTABLE PACKAGE WHICH WOULD NOT REQUIRE
OECD MINISTERIAL OR SUMMIT CONSIDERATION. BOTH
MINISTERIAL AND SUMMIT, HOWEVER, WOULD PROBABLY
HAVE TO ADDRESS IMPORTANTLY THE ISSUE OF NORTH/
SOUTH ECONOMIC RELATIONS AFTER CIEC.

11. THERE COULD BE AN ADDITIONAL ONE OR MORE MEETINGS
OF THE XCSS, EPC, AND WPPIII, AND/OR THEIR BUREAUS
BETWEEN THEIR FEBRUARY MEETINGS AND THE MINISTERIAL
AND SUMMIT TO HELP PREPARE THE ISSUES.

12. CONSIDERATION SHOULD ALSO BE GIVEN TO WHAT ADDI-
TIONAL SERVICE THE ORGANIZATION COULD RENDER TO THE
SUMMIT. FOR EXAMPLE, VAN LENNEP COULD BE INVITED EITHER
TO ATTEND AND/OR TO SUBMIT A STATEMENT ON THE ECONOMIC
SITUATION AND KEY ISSUES AS SEEN FROM AN INTERNATIONAL
STANDPOINT. SUCH A PRESENCE, EVEN RESTRICTED TO OPEN-
ING AND CLOSING SESSIONS WOULD GIVE SMALLER NON-EC
MEMBERS SOME SENSE OF INVOLVEMENT IN THE POLICY COOR-
DINATION PROCESS.

L3. IN SUM, TIMETABLE OF MEETINGS OF IMPORTANT OECD
BODIES SHOULD BE LOOKED UPON AS SERIES OF OPPORTUNITIES
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OECD P 00981 05 OF 05 112140Z

FOR KEY SENIOR ECONOMIC OFFICIALS OF THE NEW ADMINISTRA-
TION TO AIR THE SUMMIT ISSUES THOROUGHLY WITH THEIR
OPPOSITE NUMBERS AND DEVELOP FURTHER THE POLICIES
REQUIRED FOR AN INCREASINGLY EFFECTIVE STRUCTURE OF
INTERNATIONAL ECONOMIC COOPERATION.
KATZ

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, ECONOMIC ESTIMATES, SUMMIT MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OECDP00981
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770010-1233
Format: TEL
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770163/aaaaccxj.tel
Line Count: 587
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 22152fdb-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 11
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3625397
Secure: OPEN
Status: NATIVE
Subject: OECD INSTITUTIONALIZED POLICIES AND FORTH- COMING MAJOR MEETINGS IN RELATION TO THE SUMMIT
TAGS: ECON, OECD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/22152fdb-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009